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INTERGOVERNMENTAL OPERATING RELATIONS

Statement by  
Honourable Ron Basford  
Minister of State for Urban Affairs



I know that this is an area in which you have expressed serious concern. It has seemed to me that the most fundamental, really, the one in which there is the widest and most serious interest, is the question of the ways we are to allocate resources.

Some provinces have identified broad areas of responsibility in relation to housing. It is important that we have a good working relationship with them in this regard.

Conferences  
The conferences we have held in the past have been very helpful in identifying the issues and in developing a common understanding of the problems involved. The level of discussion has been high and the results have been very positive.

Some provinces have been worried about the degree of flexibility that is available in terms of allocating funds over the course of the year once the federal budget has been set.





STATEMENT: INTERGOVERNMENTAL OPERATING RELATIONS

Under this agenda item "Intergovernmental Operating Relations" we are to deal with our respective functions and responsibilities in such matters as planning for needs, allocation of resources, program implementation and administration and research and development.

I know that this is an area in which many of you have expressed serious concern. It has seemed to me that the most fundamental issue, the one in which there is the widest and most serious interest, is the question of the system we use to allocate resources.

Some provinces have found difficulty in effecting a good mesh of their priorities with federal priorities, in the allocation of funds under the NHA.

Some provinces have found it difficult to undertake the degree of hard forward planning they would have liked in circumstances where they feel there is uncertainty about the level and continuity of NHA funding under various programs in their province.

Some provinces have been worried about the degree of flexibility that is available to them to reallocate funds over the course of the year once the federal budget has been set.

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There have been difficulties on our side as well: Sometimes we have not been made aware of provincial priorities and plans, which has made it difficult for us to respond in consultative meetings. I want to say at this point, however, that I do feel we are developing a better understanding in this area. I think significant progress was made in Toronto, and I look forward to the next stages of consultation on a tri-level basis.

I have no doubt about the importance of the concerns I have mentioned, and I have been concerned myself over the course of the last year to find ways of improving the system of resource allocation under the NHA. I have a number of proposals to make which I believe can do this. Before I do, however, I want to make clear the perspective which I have taken on these problems. My interest is not in elaborating and defining fine points of principle to govern intergovernmental operating relations in the field of housing, but in doing what I can to ensure that there are high calibre housing agencies, both federal and provincial, which operate effectively together at the working level, on a day to day basis. From this perspective, it is quite evident that these agencies and the relations between them are undergoing a process of rapid change.





On the provincial side, some provinces have long established agencies in the housing field; in others, the agencies are much newer. All provinces are still in the process of developing comprehensive policies in the areas of housing, land, and community development. In Newfoundland there is a major commission studying housing, in Ontario there is an important task force. Manitoba is developing a 10-year plan. In Saskatchewan, the Urban Advisory Commission has developed some preliminary estimates of five year financial projections, which have been made available to us. The results of all this work can be expected to contribute to change.

The same is true on the federal side. The Central Mortgage and Housing Corporation is the oldest housing agency in Canada, but it also is undergoing changes. The volume of funding handled by CMHC has increased dramatically in the last few years. It is now in the order of one billion dollars a year. The level of its activity in the field of social housing and in environmental protection under the Sewage Treatment Program is now of a completely new order of magnitude. It is my intention that the same should happen this year in its land activities. To meet this change, the Corporation has been actively studying its own reorganization. This will begin to be implemented soon; a major aspect of the reorganization will be a strengthening of our local and regional capabilities for coordinating the Corporation's functions more closely with provincial and municipal activities. In these circumstances, I do not think





we should be looking at this Conference for any hard definitions of a system of intergovernmental operating relations. What I want to propose today is a fundamental restructuring of the way we organize ourselves, both at the agency and the ministerial level, to allocate resources under the National Housing Act. My proposal is in four parts.

First, I have obtained the agreement of my colleagues in Cabinet that the level of funding provided through the Capital Budget of CMHC will be maintained at at least current levels. This means that for the next several years, we, as Ministers responsible for Housing, can take as our minimum parameter for consultations on the allocation of resources among provinces and between programs, the commitment of the Government of Canada that, barring emergencies, the resources to be put into housing and related activities will be in the order of one billion dollars a year.

Second, I propose that we make a concerted effort over the course of this year to establish a common base for the measurement of housing needs. An important part of this base will, of course, be the data provided by the 1971 Census, but in addition I have instructed the Central Mortgage and Housing Corporation to devote one and a half million dollars to studies of local housing needs on the physical, social and cultural planes, to





supplement the Census results where warranted. This will provide all of us with a sound base from which to assess whether we are collectively putting sufficient resources to work to meet Canada's housing problems, and how these resources should be distributed. Third, I am prepared to make three year forward commitments to provinces of the amounts and classes of funds (by program) which will be available to them. I consider this to be the most significant innovation. It will provide provinces with the assurance they need to plan ahead and organize their own budgets. It will increase the flexibility available to provinces in reallocating funds among programs, since they will be able to effect reallocations within three year budget horizons. Most important, it will afford both sides a longer period over which to seek to harmonize their respective priorities.

Fourth, I am proposing that we meet annually at the ministerial level, prior to the formulation of the housing budgets at the federal, provincial and municipal levels, to agree on new forward commitments and to readjust past forward commitments.

While I am confident that these four points can be the basis for much closer cooperation in developing effective joint investments plans in housing, land, community development and sewage treatment, I do not think federal initiatives of this sort can of themselves resolve all our points of concern in this area.





To carry this through will require a concrete response on the part of the provinces in the form of their three year plans for resource allocations. As the federal minister, I will need good, hard estimates from you of your requirements for NHA funds to be able to determine what and how much I can forward commit.

### Block-funding

Several ministers during their opening statements to the conference have made some references to what they call block-funding. It is not clear what is meant by block-funding -- or whether we are all talking about the same thing. It does seem to me, however, from the discussion thus far, that what Quebec means by "block-funding" and what Ontario means by "block-funding" are two quite different things.

Some provinces seem to be asking for the allocation of blocks of funds for particular National Housing Act programs. Others are asking that all federal funds which may be available to a province, for all housing purposes, should be allocated in a block, with no stipulated conditions, and that this money should be expended at the discretion of the province as it sees fit.

I would like to say first of all, that I appreciate the position of provinces who express concern that housing funds spent within their provinces should help to serve provincial objectives and priorities. I accept also that, in some important





ways provincial -- and I should add, municipal -- governments have a close feeling for the needs, preferences and goals of their people.

I believe that provincial objectives, and priorities, and the perceptions of provinces and municipalities about peoples' needs should be taken into account in the allocation of federal funds for housing. I have said, as recently as yesterday, that if a province requests the reallocation of funds from one program to another within their overall budget for housing, this can be arranged. We have done so in the past and will continue to do so in the future, within the context of a consultative process.

That is why, when I spoke yesterday, I emphasized the need for closer, more systematic, more open consultation among all the governments in Canada on housing matters. I proposed to you regular annual meetings on housing by federal and provincial ministers -- with municipal involvement -- and for more regular consultation and co-ordination among our senior officials.

And I seemed to recognize, around the table, unanimous support and consent for that process.

It seems to me, however, that proposals regarding block-funding would work against the consultative approach.

I have recognized the concerns of the provinces and municipalities in the allocation of housing funds. What





seems to be forgotten, however, is that the Federal Government, which has responsibilities to the whole country, also has objectives and priorities -- within its proper sphere of jurisdiction -- which must also be taken into account. Housing has obvious social and economic impacts on the country -- and is relevant even to the question of national unity.

If the Federal Government were to accede to the notion of block-funding -- in its most extreme form -- it would, in my mind, be abdicating these national responsibilities. That would be the case, if the Federal Government were excluded from decisions about how housing funds were to be spent at the regional and local levels. I don't think the people of Canada -- or indeed a majority of provincial governments -- would be content to have us delegate our responsibilities in matters of national concern, to any other level of government.

Such a delegation would clearly weaken the Federal Government's role in providing leadership and co-ordination of housing and urban programs across Canada.

More specifically, the notion of block-funding carries implications that pose great difficulty for the Federal Government -- and, indeed, for any government, including a provincial government in its relations with its municipalities. Let me mention a few that I am sure will be obvious to you as Ministers and as politicians.



First, "block-funding" clearly offends the principle that the Parliament that raises funds by taxation or borrowing must have a part to play in the use of those funds.

Second, "block-funding" would make it extremely difficult - if not impossible - for the Federal Government to fulfill its recognized obligation to assure national standards and reasonably equal access to housing by all Canadians regardless of where they live.

Third, the National Housing Act is becoming increasingly an instrument of social policy. In this context it should contribute to the re-distribution of income between persons and between the more privileged and the less privileged regions of the country. A system of block-funding would seriously reduce the effectiveness of the NHA in this regard.

Fourth, it should be clear that a system of block-funding - under which the Federal Government raises the money and the provinces spend it "as they see fit" - would reduce the incentive of Parliament to increase the level of funding for housing in future years.

Having said this, I would like to again repeat that we recognize the legitimate need for the provinces to have flexibility in the application of national housing programs. If, at the same time, we recognize the national dimensions of housing policies, then it seems to me that the best way of achieving all of our goals is through more effective





consultation. I, therefore, hope that my proposals for new consultative arrangements will commend themselves to you.

I was interested to see the general acceptance which the provinces have accorded to my proposal for the commitment of federal funds over a three-year period, instead of an annual basis. I felt -- and I think the provinces recognized -- that this arrangement would permit us to collaborate more closely on the allocation of funds and help us to reach an accommodation about our respective objectives and priorities.

I have given the block-funding proposal my serious consideration, and I have listened closely to the arguments presented in support of the idea today. I am still persuaded that the new consultation procedures which we are beginning to define here will work and will serve all our interests, and the interests of the Canadian people, very well, and that there is no necessity to invoke the rather arbitrary and unilateral proposal which is represented by the block-funding scheme.



